

Summary of Consolidated Financial Results for the Fiscal Year Ended March 2017 (unaudited)

Name of Company Listed: **Nippon Paper Industries Co., Ltd.**
 Stock Exchange Listings: Tokyo
 Code Number: 3863
 URL: <http://www.nipponpapergroup.com/english/>
 Representative:
 Title of Representative Person: President
 Name of Representative Person: Fumio Manoshiro
 Person in Charge of Contact:
 Title of Contact Person: General Manager of Accounting & Budgeting Dept.
 Name of Contact Person: Tomoyasu Itakura
 Telephone: +81-(0)3-6665-1111
 Planned date of Ordinary General Meeting of Shareholders: June 29, 2017
 Planned date of Financial Report submission: June 29, 2017
 Planned date of the commencement of dividend payments: June 30, 2017
 Availability of support documentation: Yes
 Holding of financial result briefing: Yes (for institutional investors and investment analysts)

(Amounts indicated are displayed with amounts of less than one million yen rounded off.)

1. Consolidated Financial Results of Operations for the Fiscal Year Ended March 2017 (April 1, 2016–March 31, 2017)

(1) Consolidated Results of Operations

(The percentages indicate the percentage increase or decrease compared to the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year ended March 2017	992,428	-1.5	23,764	5.0	26,994	57.6	8,399	246.4
Fiscal Year ended March 2016	1,007,097	-4.3	22,623	-4.4	17,123	-26.2	2,424	-89.5

Note: Comprehensive income

Fiscal Year ended March 2017	25,795 million yen	(- %)
Fiscal Year ended March 2016	-31,821 million yen	(- %)

	Net income per share	Net income per share after adjusting for dilution	Return on equity	Ordinary income to gross capital	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal Year ended March 2017	72.57	–	2.0	1.9	2.4
Fiscal Year ended March 2016	20.95	–	0.5	1.2	2.2

Reference: Income from equity in earnings of affiliates

Fiscal Year ended March 2017	4,623 million yen
Fiscal Year ended March 2016	-7,500 million yen

(2) Consolidated Financial Status

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	1,388,885	434,911	31.0	3,714.63
As of March 31, 2016	1,390,918	424,685	30.3	3,645.87

Reference: Shareholders' equity As of March 31, 2017 429,920 million yen
As of March 31, 2016 422,000 million yen

(2) Consolidated Cash Flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 2017	87,087	-65,278	-49,694	90,514
Fiscal year ended March 2016	52,419	16,270	-39,168	112,510

2. Dividend Status

	Dividends per share					Amount of total dividends (Annual)	Dividend payout (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1 st quarter end	2 nd quarter end	3 rd quarter end	End of fiscal year	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 2016	–	30.00	–	30.00	60.00	6,956	286.4	1.5
Fiscal year ended March 2017	–	30.00	–	30.00	60.00	6,956	82.7	1.6
Fiscal year ending March 2018 (Projection)	–	30.00	–	30.00	60.00		46.3	

3. Projection of Consolidated Financial Results for the Fiscal Year Ending March 2018 (April 1, 2017–March 31, 2018)

(The percentages indicate the percentage increase or decrease compared to the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ended September 30, 2017	520,000	9.5	10,000	-4.7	10,000	-25.9	5,000	–	43.20
Full fiscal year	1,050,000	5.8	30,000	26.2	30,000	11.1	15,000	78.6	129.60

4. Others

[1] Has the Company made any important changes in its subsidiaries (changes in specified subsidiaries which result in changes in the scope of consolidation)? /Yes

New (Company name:) Nippon Dynawave Packaging Co.

Eliminated – (Company name:)

[2] Changes in Accounting principles, changes in accounting estimates, or restatements

(i) Has the Company made any changes in accounting principles following the revision of the Accounting Standard and others? /Yes

(ii) Has the Company made any changes in accounting principles other than those described in (i)? /No

(iii) Has the Company made any changes in accounting estimates? /No

(iv) Has the Company made any restatements? /No

[3] Number of issued and outstanding shares (common stock)

(i) Number of issued and outstanding shares (including treasury stock) as of:

March 31, 2017 116,254,892 Shares

March 31, 2016 116,254,892 Shares

(ii) Number of treasury stock as of:

March 31, 2017 517,900 Shares

March 31, 2016 507,381 Shares

(iii) Average number of shares during the periods of:

Fiscal year ended March 2017	115,742,808 Shares
Fiscal year ended March 2016	115,752,912 Shares

* This “Summary of Consolidated Financial Results for the Fiscal Year Ended March 2017” is not subject to auditing.

*Disclaimer regarding forward-looking statement and other remarks:

1. Any statement in this document regarding future performance of the Company is based on the information available at the time of the announcement and certain assumptions judged to be reasonable. Actual performance may differ from forecasts due to a variety of factors.

2. The support documentation will be posted on the following our website.

<http://www.nipponpapergroup.com/english/ir/library/>

This document is an English-language translation of the Japanese-language original.

(Appendices)

1. Consolidated Operating Results for the Fiscal Year Ended March 2017 (April 1, 2016–March 31, 2017)

Operating results by business segment are as follows:

Pulp and Paper:

Consolidated net sales	¥ 820,047 million	(down 0.9% year-on-year)
Consolidated operating income	¥ 10,847million	(down 21.6% year-on-year)

Paper-Related:

Consolidated net sales	¥ 89,229 million	(up 0.4% year-on-year)
Consolidated operating income	¥ 5,244 million	(up 97.0% year-on-year)

Wood Products and Construction Related:

Consolidated net sales	¥ 63,530 million	(up 2.2% year-on-year)
Consolidated operating income	¥ 4,760 million	(up 30.8% year-on-year)

Other:

Consolidated net sales	¥ 19,621 million	(down 31.1% year-on-year)
Consolidated operating income	¥ 2,912 million	(up 17.4% year-on-year)

2. Supplementary Financial Results Presentation Materials for the Fiscal Year Ended March 2017

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	112,510	90,514
Notes and accounts receivable-trade	192,941	200,440
Merchandise and finished goods	79,529	83,357
Work in process	18,299	17,890
Raw materials and supplies	60,244	57,432
Deferred tax assets	9,324	6,743
Other	30,609	30,426
Allowance for doubtful receivables	(547)	(600)
Total current assets	502,912	486,205
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	485,784	489,397
Accumulated depreciation	(353,073)	(358,767)
Buildings and structures, net	132,711	130,630
Machinery, equipment and vehicles	2,161,323	2,191,073
Accumulated depreciation	(1,879,807)	(1,909,252)
Machinery, equipment and vehicles, net	281,515	281,820
Land	215,084	219,360
Mountain forests and plantations	20,046	29,030
Construction in progress	14,101	20,461
Other	45,051	45,613
Accumulated depreciation	(39,213)	(40,103)
Other, net	5,838	5,509
Total property, plant and equipment	669,298	686,813
Intangible assets	15,291	15,543
Investments and other assets		
Investments in securities	180,782	183,591
Net defined benefit asset	1,750	1,618
Deferred tax assets	10,730	2,217
Other	10,743	13,449
Allowance for doubtful receivables	(590)	(553)
Total investments and other assets	203,416	200,323
Total noncurrent assets	888,006	902,680
Total assets	1,390,918	1,388,885

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and account payable-trade	113,354	128,926
Short-term loans payable	243,366	262,391
Current portion of bonds	13,000	10,000
Accrued income taxes	4,147	5,369
Other	76,043	87,806
Total current liabilities	449,912	494,493
Long-term liabilities		
Bonds payable	60,000	50,000
Long-term loans payable	385,725	354,353
Deferred tax liability	18,877	21,889
Accrued environmental costs	470	381
Net defined benefit liability	42,210	24,371
Other	9,036	8,484
Total long-term liabilities	516,320	459,480
Total liabilities	966,233	953,974
Net assets		
Shareholders' equity		
Common stock	104,873	104,873
Capital surplus	217,104	216,531
Retained earnings	82,215	73,479
Treasury stock, at cost	(1,378)	(1,398)
Total shareholders' equity	402,814	393,486
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	18,974	22,249
Net deferred gain on hedges	(1,193)	626
Translation adjustments	15,088	20,260
Remeasurements of defined benefit plans	(13,683)	(6,702)
Total accumulated other comprehensive income	19,185	36,434
Non-controlling interests	2,685	4,990
Total net assets	424,685	434,911
Total liabilities and net assets	1,390,918	1,388,885

(2) Consolidated Statements of Operations and Statements of Comprehensive Income
- Consolidated Statements of Operations -

	(Millions of yen)	
	Fiscal year ended March 2016	Fiscal year ended March 2017
Net sales	1,007,097	992,428
Cost of sales	800,185	787,464
Gross profit	206,912	204,963
Selling, general and administrative expenses		
Freightage related expenses	60,913	61,910
Sales related expenses	58,605	56,352
Salaries and allowances	38,006	36,784
Other	26,763	26,152
Total selling, general and administrative expenses	184,289	181,199
Operating income	22,623	23,764
Other income		
Interest income	307	900
Dividend income	2,472	1,795
Equity in earnings of affiliates	—	4,623
Foreign exchange gains	7,628	3,987
Other	4,109	4,896
Total other income	14,518	16,204
Other expenses		
Interest expense	10,002	8,944
Share of loss of entities accounted for using equity method	7,500	—
Other	2,514	4,029
Total other expenses	20,017	12,974
Ordinary income	17,123	26,994
Extraordinary income		
Gain on sales of noncurrent assets	461	16,959
Gain on sales of investment securities	20,821	7,811
Gain on transfer of benefit obligation relating to employees' pension fund	—	6,944
Other	342	484
Total extraordinary income	21,625	32,198
Extraordinary loss		
Loss on business withdrawal	—	23,712
Impairment loss	9,925	4,997
Loss on retirement of noncurrent assets	2,172	4,091
Loss on sales of shares of subsidiaries	16,510	—
Other	5,478	3,606
Total extraordinary loss	34,086	36,408
Income before income taxes and minority interests in consolidated subsidiaries	4,662	22,784
Income taxes—current	5,048	7,089
Income taxes—deferred	(2,486)	7,945
Total income taxes	2,562	15,035
Profit	2,100	7,748
Loss attributable to non-controlling interests	(324)	(650)
Profit attributable to owners of parent	2,424	8,399

- Consolidated Statements of Comprehensive Income -

(Millions of yen)

	Fiscal year ended March 2016	Fiscal year ended March 2017
Income before minority interests	2,100	7,748
Other comprehensive income		
Net unrealized holding gain (loss) on other securities	(5,376)	3,170
Net deferred gain (loss) on hedges	(1,880)	1,781
Translation adjustments	(4,679)	1,516
Remeasurements of defined benefit plans, net of tax	(17,114)	6,794
Share of other comprehensive income of affiliates accounted for using the equity method	(4,871)	4,783
Total other comprehensive income	(33,922)	18,047
Comprehensive income	(31,821)	25,795
(Details)		
Comprehensive income attributable to owners of parent	(31,283)	26,469
Comprehensive income attributable to non-controlling interests	(538)	(673)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 2016	Fiscal year ended March 2017
Operating Activities		
Income (loss) before income taxes and minority interests in consolidated subsidiaries	4,662	22,784
Depreciation	57,672	55,083
Amortization of goodwill	2,071	2,029
Increase (decrease) in allowance for doubtful receivables	(53)	34
Increase (decrease) in net defined benefit liability	(911)	(7,356)
Increase (decrease) in accrued environmental costs	(68)	(89)
Interest and dividend income	(2,780)	(2,695)
Interest expense	10,002	8,944
Share of (profit) loss of entities accounted for using equity method	7,500	(4,623)
Foreign exchange losses (gains)	(7,155)	(3,972)
Loss (gain) on sales of property, plant and equipment	(461)	(16,959)
Loss (gain) on sales of investment securities	(20,821)	(7,811)
Loss on business withdrawal	—	23,712
Impairment loss	9,925	4,997
Loss on retirement of non-current assets	2,172	4,091
Loss (gain) on sales of shares of subsidiaries	16,510	—
Decrease (increase) in receivables	(2,439)	(3,319)
Decrease (increase) in inventories	(1,188)	5,884
Increase (decrease) in payables	(11,600)	13,990
Other	153	1,576
Subtotal	63,189	96,301
Interest and dividends received	5,799	4,117
Interest paid	(9,981)	(9,214)
Payments for supplementary retirement benefits	(1,374)	(178)
Income taxes paid	(5,213)	(3,938)
Net cash provided by (used in) operating activities	52,419	87,087
Investing Activities		
Purchases of time deposits	(3)	—
Withdrawals of time deposits	3	—
Purchases of noncurrent assets	(44,511)	(49,589)
Proceeds from sales of noncurrent assets	1,177	18,882
Purchases of investments in other securities	(6,933)	(18,210)
Proceeds from sales of investments in other securities	53,296	15,391
Proceeds from redemption of investment securities	3,000	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	10,111	—
Payments for transfer of business	—	(31,432)
Decrease (increase) in short-term loans receivable	(250)	203
Payments of long-term loans receivable	(58)	(70)
Collection of long-term loans receivable	309	103
Other	129	(555)
Net cash provided by (used in) investing activities	16,270	(65,278)

(Millions of yen)

	Fiscal year ended March 2016	Fiscal year ended March 2017
Financing Activities		
Increase (decrease) in short-term loans payable	(8,835)	10,746
Proceeds from long-term loans payable	39,095	25,350
Repayment of long-term loans payable	(69,846)	(64,920)
Proceeds from issuance of bonds	10,000	—
Redemption of bonds	—	(13,000)
Purchases of treasury stock	(27)	(20)
Proceeds from sales of treasury stock	1	0
Cash dividends paid	(6,953)	(6,941)
Dividends paid to non-controlling interests	(1,607)	(7)
Finance lease principal payments	(994)	(901)
Net cash provided by (used in) financing activities	(39,168)	(49,694)
Effect of exchange rate changes on cash and cash equivalents	(1,046)	435
Increase (decrease) in cash and cash equivalents	28,475	(27,450)
Cash and cash equivalents at beginning of year	84,002	112,510
Increase due to inclusion of certain subsidiaries in consolidation	32	5,454
Cash and cash equivalents at end of period	112,510	90,514